

SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT (hereinafter "Agreement") fully sets forth the terms of the settlement by and between petitioner CALIFORNIA FIRST AMENDMENT COALITION ("CFAC") and respondent CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ("CalPERS") collectively referred to as the "Parties." The Parties agree as follows:

RECITALS

A. CFAC has pending in San Francisco Superior Court (Case Number CPF 04-504529) a petition for writ of mandate against CalPERS, hereafter referred to as the "Action." CFAC's Action seeks to compel the release of records identified in two separate Public Records Act requests. The Public Records Act requests implicated by the Action, and subject to this Agreement, are dated May 24, 2004 and October 18, 2004. These requests are attached to this Agreement as Exhibits "A" and "B" respectively.

B. CFAC's Action seeks records regarding CalPERS' investments in venture funds, private equity funds and hedge funds. These investments are managed by CalPERS' Alternative Investment Management ("AIM") Program and CalPERS' Absolute Returns Strategy ("ARS") Program.

C. Some of the information requested by CFAC is subject to disclosure and has been or will be disclosed by CalPERS as set forth below. Some of the information requested by CFAC will not be disclosed as discussed below. CalPERS asserts that such information is exempt from disclosure.

D. The Parties have agreed, as described below, that CalPERS will prepare and release custom spreadsheets that contain the public information sought by CFAC. The Parties believe that, on the facts presented here, the disclosure of this information strikes an appropriate balance between the public's right of access to governmental records and CalPERS' interest in maintaining the confidentiality of certain information so as to permit CalPERS to continue to successfully invest through the AIM and ARS programs.

E. In reaching this settlement, the Parties have agreed to fully and finally settle any and all past, existing, and or potential claims for records encompassed by CFAC's Public Records Act requests dated May 24, 2004 and October 18, 2004.

AGREEMENT

In consideration of the mutual terms, covenants, conditions and releases of this Settlement Agreement, the Parties hereto agree as follows:

MANAGEMENT FEES/COSTS COMPILATIONS:

1. CalPERS will provide CFAC, and any member of the public who makes a request, with a newly-prepared custom spreadsheet that reflects the dollar amounts of management fees and costs attributable to CalPERS for each private equity fund, venture fund and hedge fund in which CalPERS is an investor (referred to herein as the "management fees and costs compilation") on an annual basis for each calendar year during the period 2001-2005. With respect to the release of information for calendar years 2004-2005, CFAC acknowledges that CalPERS has no obligation to release information not received or maintained by CalPERS in the ordinary course of business.

- a) The management fees and costs compilation for calendar years 2002 and 2003 were provided to CFAC's attorney on October 29, 2004.
- b) The management fees and costs compilation for calendar year 2001 will be provided to CFAC's attorney on December 6, 2004.
- c) The management fees and costs compilation for calendar year 2004 will be provided to CFAC's attorney on October 1, 2005 and available on CalPERS' web site by February, 2006.
- d) The management fees and costs compilation for calendar year 2005 will be provided to CFAC's attorney on October 1, 2006 and available on CalPERS' web site by February, 2007.

2. The management fees and costs compilations will include CalPERS' hedge funds, private equity funds and venture funds investments as covered by the Public Records Act requests. Specifically, the management fees and costs compilations will include information about the lower-tier investment funds of California Emerging Ventures I, LLC, California Emerging Ventures II, LLC and California Emerging Ventures III, LLC (collectively, "CEV") for the years that such information is maintained

by CalPERS. Information regarding the lower-tier CEV investment funds is not available for calendar year 2001, but is available for calendar years 2002 and 2003.

3. CalPERS will make available the management fees and costs compilations described above on CalPERS' web site as provided in this paragraph 3. CalPERS shall have sole discretion in deciding the location and format of the management fees and costs compilations on the CalPERS web site.

- a) The management fees and costs compilation for calendar years 2001-2002 will not be available on CalPERS' web site.
- b) The management fees and costs compilation for calendar year 2003 will be available on CalPERS' web site by February, 2005.
- c) The management fees and costs compilation for calendar year 2004 will be available on CalPERS' web site by February, 2006.
- d) The management fees and costs compilation for calendar year 2005 will be available on CalPERS' web site by February, 2007.

GENERAL PARTNERS' CARRIED INTEREST:

4. In almost all cases, CalPERS does not have records sufficient to show the dollar amount of carried interest paid to general partners attributable to CalPERS' investments. CalPERS will provide CFAC with a declaration under penalty of perjury confirming this fact. This declaration is attached to this Agreement as Exhibit "C." With respect to the limited number of records in CalPERS' possession that may be responsive to CFAC's request, CalPERS asserts that these limited records are exempt from disclosure under the Public Records Act.

CalPERS' GAIN/PROFIT COMPILATIONS:

5. CalPERS will provide CFAC, and any member of the public who makes a request, with a newly-prepared custom spreadsheet that reflects the dollar amounts of gain/profit that CalPERS has received from each fund (i.e., private equity fund, venture fund and hedge fund) in which CalPERS is an investor (referred to herein as the "CalPERS' profit compilation") on an annual basis for each calendar year during the

period 1999-2005. With respect to the release of information for calendar years 2004-2005, CalPERS has no obligation to release information not received or maintained by CalPERS in the ordinary course of business.

- a) The CalPERS' profit compilation for calendar years 1999-2003 will be provided to CFAC's attorney on December 6, 2004.
 - b) The CalPERS' profit compilation for calendar year 2004 will be available on CalPERS' web site by July 1, 2005.
 - c) The CalPERS' profit compilation for calendar year 2005 will be available on CalPERS' web site by July 1, 2006.
6. The CalPERS' profit compilation will include all funds contained within the AIM and ARS programs, including the lower-tier CEV investment funds.
7. CalPERS will make available the CalPERS' profit compilations described above through CalPERS' web site as provided in this paragraph 7. CalPERS shall have sole discretion in deciding the location and format of CalPERS profit compilations made available on CalPERS' web site.
- a) The CalPERS' profit compilation for calendar years 1999-2002 will not be available on CalPERS' web site.
 - b) The CalPERS' profit compilation for calendar year 2003 will be available on CalPERS' web site by March, 2005.
 - c) The CalPERS' profit compilation for calendar year 2004 will be available on CalPERS' web site by July 1, 2005.
 - d) The CalPERS' profit compilation for calendar year 2005 will be available on CalPERS' web site by July 1, 2006.

DISMISSAL OF PETITION FOR WRIT OF MANDATE:

8. Within five business (5) days of the Effective Time of this Agreement, CFAC shall file and provide CalPERS with an executed Dismissal with Prejudice of the Action. CalPERS shall file that dismissal after the payment of attorneys' fees referred to in paragraph 11.

FULL COMPLIANCE WITH THE PUBLIC RECORDS ACT:

9. As of the Effective Time of this Agreement, CFAC hereby agrees that the information being produced under this Agreement constitutes compliance with CFAC's Public Records Act requests dated May 24, 2004 and October 18, 2004, and any other records encompassed by the Action.

EFFECTIVE TIME:

10. This Agreement shall be effective upon CFAC's receipt of the spreadsheets discussed in paragraphs 1 (excluding the information to be provided pursuant to subparagraphs 1 (c) and (d)) and 5 (excluding the information to be provide pursuant to subparagraphs 5 (b) and (c)) of this Agreement ("Effective Time").

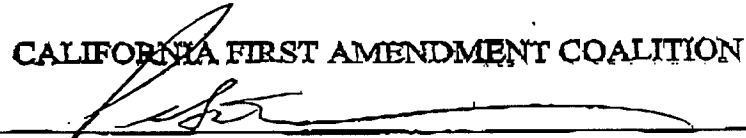
ATTORNEYS' FEES:

11. CalPERS agrees to pay CFAC's reasonable attorneys' fees in the amount of \$48,900, upon receipt of itemized time and expense records from CFAC's counsel. Payment shall be provided by check delivered to CFAC's counsel by overnight mail. CalPERS agrees to provide payment within forty (40) days of the Effective Time of this Agreement. CFAC agrees not to seek additional attorneys' fees related to the Action or the matters contained herein.

VALIDITY OF SIGNATURES:

12. For the purposes of executing this Agreement, signatures transmitted by facsimile shall have the full force and effect of an original signature.

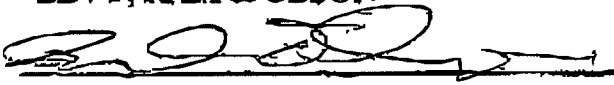
The undersigned have read the foregoing Agreement and accept and agree to the provisions contained therein and hereby execute it voluntarily and with full understanding of its consequences, and further warrant that they have the authority to sign this Agreement on behalf of the respective entity.

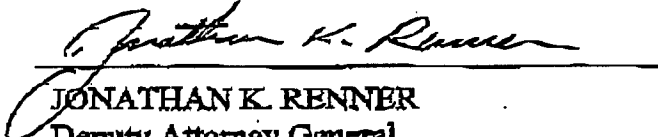
Dated: November 16, 2004 CALIFORNIA FIRST AMENDMENT COALITION

PETER E. SCHEER, Executive Director

Dated: November _____, 2004 CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM

PETER H. MIXON, General Counsel

APPROVED AS TO FORM:

Dated: November 17, 2004 LEVY, RAM & OLSON

KARL OLSON
Attorneys for Petitioner CALIFORNIA
FIRST AMENDMENT COALITION

Dated: November 16, 2004 OFFICE OF THE ATTORNEY GENERAL

JONATHAN K. RENNER
Deputy Attorney General
Attorneys for Respondent CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT
SYSTEM